



ORIGINAL

Greg Sorensen
Liberty Water
12725 W. Indian School Rd.
Suite D101
Avondale, AZ 85323

RECEIVED

2010 DEC 21 P 4: 10

Re: northern Sunrise Water Company - Babocomari Development Group
Docket No. ~~W-20453A-06-0247~~

W-20453A-06-0247
W-20454A-06-0248
W-20453A-06-0251
W-20454A-06-0251
W-01646A-06-0251
W-01868A-06-0251
W-02235A-06-0251
W-02316A-06-0251
W-02230A-06-0251
W-01629A-06-0251
W-02240A-06-0251

Dear Mr. Sorensen,

This is in response to your letter to Jim Huff filed in this docket on April 28, 2009. Mr. Huff is no longer affiliated with the Babocomari Development Group ("BDG"). As an officer and board member of the BDG, and having followed this docket over the past several years, I am in a position to respond to your letter in an official capacity.

The Babocomari CC&N granted to Northern Sunrise Water Company by Decision No. 68826, and extended by Decision No. 70955, covers approximately 2,300 acres of mostly undeveloped land that was designated for 1 and 2-acre zoning under the Babocomari Area Plan, a long-term planning document developed by Cochise County.

The Babocomari Development Group was formed in May 2009 by 20 developers as a vehicle to co-fund the "Analysis of Adequate Water Supply" determination, as required by Cochise County for subdivision approval. BDG members hold title to 1,510 acres, or about two-thirds of the Babocomari CC&N. Please note that the BDG does not represent those property owners who opted not to participate in the joint AAWS application.

I am pleased to inform you that the Arizona Department of Water resources issued the official AAWS letter on December 15, 2010 (attached). This determination establishes physical, continuous and legal availability of water for 100 years for 1,103 residential acres (964 lots) and 407 non-residential acres (includes commercial parcels, retention areas, and road right-of-ways).

Each developer must apply separately for a Water Report in conjunction with the subdivision approval process. Developers who opted not to participate in the joint AAWS application must apply for AAWS determination before they can obtain a Water Report.

You also asked about the Babocomari Road District, and what's being done to address water drainage issues within the district. The Cochise County Board of Supervisors approved formation of the Babocomari Road Improvement District on April 26, 2006. The road district covers 2,263 acres, coinciding with the Babocomari CC&N.

There are three distinct floodplains within the district. The southern two floodplains experience only minor sheet flooding in a 100-year storm. District feeder roads are designed to handle these flows and each affected developer will need to design their respective subdivisions and surface hydrology improvements accordingly.

The northern floodplain has far more substantial surface flows, estimated at 9,700 cubic feet per second during a 100-year storm event. Approximately 11% of the road district lies within the northern floodplain. District plans include a west-to-east channel designed to contain the 100-year flow through the district.

Due to the prolonged downturn in real estate and financial markets, the road district has been on hold for the past two years. At the 60% design milestone, the district had an estimated cost of \$10M. Selling infrastructure bonds in the current market is seen as a major hurdle. Cochise County is currently considering several options for moving forward, including construction of the district in phases.

I would be happy to answer any questions you may have related to these issues.

David Butler, Treasurer and Board Member
Babocomari Development Group

David Butler

Arizona Corporation Commission
DOCKETED

DEC 21 2010

DOCKETED BY	<i>[Signature]</i>
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ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Second Floor
PHOENIX, ARIZONA 85012-2105

(602) 771-8500

ANALYSIS OF ADEQUATE WATER SUPPLY

December 15, 2010

File Number: 43-700331.0000
Development: Babocomari Development Group
Location: Township 20 South, Range 20 East, Sections 19,20,29 & 30
 Cochise County, Arizona
Land Owners: James and Jennifer Douglas Family Revocable Trust; Kendall Family Trust; Janet M. Brown Trust; Thomas A. Cannon & Deborah K. Cannon; Love Family LLLP, an Arizona limited liability limited partnership; John Slaughter; Jack Brewer & Gina Brewer, Rod Laubach & Lisa Laubach; Beth Hughes; Katherine Hough, Jerry & Lucinda Hough; Peter W. Neal & Patricia M. Neal; Johnson Family Living Trust; Canyon Ribbon & Supply Co., Inc., an Arizona corporation; Mike D. Starkey & Monica L. Starkey, Rasoul B. Shotorban & Denise Shotorban, A.R. Bohnekamp & Margaret L. Bohnekamp; First American Title Corporation as Trustee of Trust No. 9227; Whetstone Green Development LLC; Nye Arizona Properties LLC; High Desert Sales LLC; Desert Sunrise LLC; HW Enterprises LLC, all Arizona limited liability companies.

The Arizona Department of Water Resources has evaluated the Analysis of Adequate Water Supply application for Babocomari Development Group pursuant to A.A.C. R12-15-712. The proposed development includes 964 single-family residential lots and 407.39 non-residential acres containing commercial areas, detention/retention basins, and right of ways. Liberty Water Company, formerly known as Northern Sunrise Water Company, will deliver water to the master-planned development. Conclusions of the review are indicated below based on the adequate water supply criteria referenced in A.R.S. § 45-108 and A.A.C. R12-15-712.

- **Physical, Continuous, and Legal Availability of Water for 100 Years**
 On the basis of the Department's review, the Department has determined that 1,428.11 acre-feet per year of groundwater will be **physically and continuously available**, which is equivalent to the annual estimated water demand for the development of 1,428.11 acre-feet per year. The development is located inside of the current Certificate of Convenience & Necessity of Liberty Water Company, fka Northern Sunrise Water Company. An executed Notice of Intent to Serve form was not included with the application. Therefore, **legal availability** of the water is not considered proven. Individual Notices of Intent to Serve will be required for each application for a Water Report. Applications for Water Reports that follow the Analysis of Adequate Water Supply will need to reference this letter.

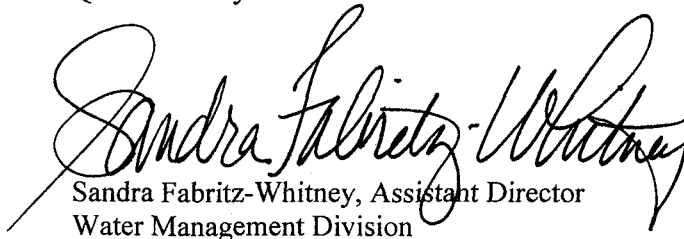
- **Adequate Water Quality**
This requirement will be evaluated according to the criteria in A.A.C. R12-15-719 at the time an application for a Water Report is filed. Prior to preparing an application for a Water Report, the Office of Assured and Adequate Water Supply may be contacted for further guidance.
- **Financial Capability of the Owner to Construct the Necessary Distribution System**
This requirement will be evaluated according to the criteria in A.A.C. R12-15-720 at the time an application for a Water Report is filed. Prior to preparing an application for a Water Report for an individual subdivision plat, the Office of Assured and Adequate Water Supply may be contacted for further guidance.

The term of this Analysis of Adequate Water Supply is ten years from the date of this letter and may be renewed upon request, subject to approval by the Department. See A.A.C. R12-15-712. Throughout the term of this determination, the annual estimated water demand of this development will be considered when reviewing other requests for adequate water supply in the area.

Prior to obtaining plat approval by the local platting authority and approval of the public report by the Department of Real Estate, a Water Report must be obtained for each subdivision plat. The findings of this Analysis of Adequate Water Supply may be used to demonstrate that certain requirements for a Water Report have been met. This determination may be invalidated if the development plan or other conditions change prior to filing for a Water Report. Changes in the number or locations of wells may impact applicability of this determination to future applications for determinations of adequate water supply

Pursuant to A.R.S. § 41-1092.03, the Department is notifying you that the Director's determination and decision to issue this Analysis of Adequate Water Supply is an appealable agency action. You are entitled to appeal this action. If you wish to appeal this action, you must file a written appeal within thirty (30) days from receipt of this letter. I am providing you with a summary of the appeal process and an appeal form, should you elect to pursue this option.

Questions may be directed to the Office of Assured and Adequate Water Supply at (602) 771-8599.



Sandra Fabritz-Whitney, Assistant Director
Water Management Division

cc: via electronic mail:
James Davis, Errol L. Montgomery & Associates
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